

THE BOARD CHALLENGE

February 17, 2021

Ms. Vanessa Countryman
Secretary Securities and Exchange Commission
100 F Street, NE Washington, DC 20549-0609

RE: File Number SR-NASDAQ-2020-081

Dear Ms. Countryman,

The Board Challenge is a movement to improve the representation of Black directors in corporate U.S. boardrooms by challenging companies to take the pledge to appoint a Black director in 2021. We fully support Nasdaq's new proposal requiring all Nasdaq-listed companies to include at least two diverse directors unless specific business conditions make it impractical.

We appreciate Nasdaq's disclosure-based, business-driven approach to this proposal. Nasdaq reviewed dozens of empirical studies and found that an extensive body of academic research demonstrates that diverse boards are positively associated with improved corporate governance and financial performance. We agree with those findings, particularly that racially and ethnically diverse boards improve corporate governance and financial performance. We also agree that the timeframe for compliance is reasonable for all Nasdaq companies.

This proposed ruling also supports Nasdaq's previous findings that "independent directors 'play an important role in assuring investor confidence. Through the exercise of independent judgment, they act on behalf of investors to maximize shareholder value in the Companies they oversee and guard against conflicts of interest.'" Similar to Nasdaq's rules regarding board independence, this proposed rule will establish good governance practices for companies related to board composition, while providing flexibility for those who choose to follow a different approach. We agree that this is within Nasdaq's purview as an exchange and in line with its historical role regulating corporate governance.

The Challenge was founded by three Silicon Valley leaders—Brad Gerstner, CEO of Altimeter Capital, Sukhinder Singh Cassidy, Founder and Chair of The Boardlist and Guy Primus, CEO of Valence Enterprises.

The Board Challenge founders and our 75+ Charter Partners, Pledge Partners and Supporters believe now is the time to engage CEOs and investors in the technology, venture and private equities communities to diversify boards as a business imperative.

One objection we hear is whether companies can find the kind of diverse board talent they are looking for. It is 2021. Research underscores that the challenge of board diversity is not a pipeline problem. It is a perspective/perception problem.

Like Nasdaq, we believe the case for the competitive advantage of diverse boards is compelling;

- Black leaders are under-represented in America's public and private boardrooms. True and full racial representation at the board level is in the best interest of companies, employees, customers and communities and helps to advance and support a more equitable society.



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- Diverse boards of directors are 43% more likely than non-diverse boards to achieve financial performance above the national industry medium for companies in the top quartile vs. bottom quartile, according to McKinsey & Company's "Delivering Through Diversity" 2018 report.
- More than nine in 10 directors (94%) agree that board diversity brings unique perspectives to the boardroom, according to PwC's 2019 Annual Corporate Directors Survey. Additionally, 87% said board diversity enhances board performance and 76% said it enhances company performance.
- More than half (53%) of investors say board diversity should be a top focus, according to a 2019 report from the EY Center for Board Matters.

The Board Challenge is encouraged by the range of organizations supporting this proposal. We are pleased to join the corporations, investors, shareholders and social justice advocates who support this ruling.

We applaud Nasdaq for taking a lead in helping make board diversity a staple of good governance and transparency across industries. In doing so, Nasdaq reflects the promise stated on the Securities Exchange Commission's "Diversity and Inclusion at the SEC" landing page:

Leveraging diversity and inclusion throughout the agency helps ensure the Commission's regulatory programs and guidance reflect the diversity of the investors and businesses who depend on our work. Put simply, in order to perform at the highest level, we need to ensure that our work and our workforce reflect a diversity of thoughts, backgrounds, and experiences.

Sincerely,

The Board Challenge Founders



Brad Gerstner, Founder & CEO, Altimeter Capital



Sukhinder Singh, Founder & Chair, The Boardlist



Guy Primus, CEO, Valence

